

# **Budget Quality Survey**

## **Executive Summary**

Over the past several years, the Department of Finance (DOF) has conducted budget quality surveys to determine how we can improve the budget development and administration process as well as evaluate our performance.

The following material summarizes our short term progress emanating from the 1996 survey. In addition, we detail the results of the 1998 survey and our proposed strategies and actions plans. We also attempt to provide some clarification about a number of issues for which there appears to be a misunderstanding or miscommunication.

## **Initial 1996 Budget Quality Survey**

In 1996, we conducted a Budget Quality Survey to get input on improving budget development and administration. As a result of that survey, we identified some of our short-term action plans. These included:

- Release of the annual budget preparation guidelines earlier. In 1996, this Budget Letter was issued on June 26. In 1997, the instructions were released May 28. In 1998, the instructions were issued on April 14 and this year the instructions were issued on April 1. Since 1996, the release of the technical instructions has been accelerated approximately 3 months .
- Offer more budget training to departments and put more material on the Internet. During 1998, the planned departmental training was canceled due to the late-enactment of the 1998 Budget. We have scheduled three classes for this Summer (late July and early August): Budget Adjustment and Authorities, and Schedule 10 Training. A Fiscal Manager's Seminar is schedule for June 30. In addition, the DOF website Fiscal Information for State Agencies (FISA) has been expanded to include the Budget Analyst's Guide (BAG).

BAG is an Internet browser-based handbook containing a collection of materials which provide descriptions, instructions and examples of the various processes, procedures and documents involved in the preparation, enactment and administration of the Governor's Budget and other functional responsibilities of budget analysts. There are also links to various non-Finance materials, so that BAG will facilitate a fairly comprehensive reference to materials that are useful to budget analysts. While the handbook is budget oriented, much of it is applicable to state analysts in general.

- Consider delegating more to departments. DOF is moving in this direction. Specifically DOF eliminated out-of-state travel and equipment as controlled line-items (revised SAM Section 6231) and unsuccessfully attempted to raise the dollar thresholds for legislative notification of Control Sections 26.00, 28.00, 28.50 in the 1999-00 Governor's Budget.

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- A pilot to test electronic submission of Budget Revisions to DOF. The design phase of this project revealed several security issues as well as a level of complexity greater than originally thought. It has been determined that rather than proceed with the pilot, it would be more cost-effective to include budget revisions as an element in broader, long range plans for automating all DOF budget forms.
- Extend a Bulletin Board to facilitate the sharing of ideas. The “DOFBoard” was established but was not widely used/successful and has been terminated.
- Involve interested departments in updating of annual budget instruction letters with the use of the DOFBoard. Again, due to the lack of interest in the DOFBoard, this has not been done.

## 1998 Quality Survey

As part of the DOF Strategic Plan and a follow-up to the 1996 survey, DOF conducted another survey in late June 1998. The purpose of this survey was (1) to evaluate the quality and value of our most important work products and interdepartmental communications and (2) to improve the DOF's responsiveness in processing requests/documents.

Out of 181 surveys which were sent to departments, 44 departments responded for a 24.3 percent response.

The survey consisted of 14 questions. Most questions only required checking a particular category: Very Satisfied, Satisfied, Neither Satisfied Nor Dissatisfied, Somewhat Dissatisfied, or Very Dissatisfied. For most questions, respondents were afforded the opportunity to provide suggestions for improvement, and where appropriate departments were queried to provide estimates of the length of time (number of days) it took DOF to respond to departments for various tasks/activities.

Additionally, as part of the survey, we asked respondents to identify the size of their departments in dollars, personnel years (PYs) and frequency of contact with the Department of Finance (DOF).

The breakdown of how our survey respondents fell into the above three categories is as follows:

<b>Budget size (\$ in 000)</b>	<b>No. Respondents</b>
Over \$1 billion	2 surveys
\$100 million to \$1 billion	13 surveys
\$1 to \$99 million	23 surveys
Less than \$999 thousand	5 surveys

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Information not provided 1 survey

### **Personnel Years:**

Over 1,000 PYs 14 surveys

0 to 1,000 PYs 29 surveys

Information not provided 1 survey

### **Frequency of DOF Contact**

Frequent contact (daily or weekly) 23 surveys

Infrequent contact (1-2 times per month or less) 20 surveys

Information not provided 1 survey

**Survey Results.** We attempted to determine if the satisfaction/dissatisfaction results would be altered depending upon the size of the department or their frequency of contact with DOF personnel. For the most part, these refinements did not materially change the survey results.

**General Satisfaction.** The survey reflected a high level of satisfaction for many of the DOF services/processing. The areas with the greatest level of satisfaction (Very Satisfied and Satisfied) pertained to:

- Clarity of budget instructions (89 percent)
- DOF's timely responses to specific information (87 percent)
- Time allowed for departments to comply with budget documents (85 percent)
- Completeness of budget instructions (83 percent)
- DOF performance in processing budget galleys (83 percent)
- Availability of budget materials on the Internet (81 percent)
- DOF performance in processing Salary & Wages galley (80 percent)

**General Dissatisfaction.** The areas with the greatest level of dissatisfaction (Somewhat Dissatisfied and Very Dissatisfied) pertained to:

- BR/EOs (32 percent)
- Time to comply with budget drills (30 percent)
- FSR/SPR (26 percent)
- Section 27.00, 28.00, and 28.50 letters (22 percent)
- 607s (18 percent)

For four of the above areas of dissatisfaction, departments provided the length of time it took DOF to respond. For BR/EOs, the range was from five days to 330 days, with an average of 51 days; for FSR/SPRs, the range was from seven days to 120 days, with an average of 42 days; for Section letters, the range was from nine days to 90 days, with an average of 35 days; for 607s, the range was from two days to 90 days, with an average of 18 days.

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For budget drills, the general consensus was that departments need more time to complete them.

***Neither Satisfied nor Dissatisfied.*** The areas which respondents had no significant satisfaction or dissatisfaction were:

- DOF performance in processing FSR/SPR (63.2 percent)
- DOF performance in processing Contracts (58.3 percent)
- Newly revised SAM (55.6 percent)
- DOF performance in processing Form 9s (52.2 percent)

In reviewing comments, it appears that these ratings result from departments having very few of these types of activities. In the case of the SAM revisions, the comments seemed to indicate that the respondents were either unaware that the SAM budgeting chapter had been rewritten or had not yet looked at the revisions much.

***Internet Access/Use.*** The survey document also asked respondents if the department had access to the Internet and if they routinely use the Internet. Ninety five percent of the respondents had access to the Internet while five percent did not have access to the Internet. Approximately 79 percent used the Internet on a routine basis, while 21 percent did not. Approximately 81 percent of the respondents were satisfied with the availability of material on the Internet, while 16 percent were neither satisfied or dissatisfied, and 3 percent were dissatisfied.

**Comments.** There were a number of comments provided. This summary will only cite some of the most notable. Where appropriate, we have provided a response (in italics).

***Budget Instructions:*** While the rating for clarity and completeness of budget instructions was favorable, there were some notable comments.

- Include examples, where possible.
- Don't issue budget instructions through Management Memos—the example used was the DOIT instructions, by a separate agency. ***DOF Response:*** *DOF has no control of the issuance of budget-related instructions by another department; however, DOF staff try to coordinate to the extent possible. DOF notes that budget-related Management Memos are easily accessible through the DOF website.*
- DOF analysts can't respond to questions; they need to be informed of the instructions or there needs to be an appropriate contact to answer questions. ***DOF Responses:*** *In our haste to get budget instructions to departments as quickly as they are finalized, we eliminated the two to three day advance notice to our own budget staff. We will shortly begin providing near-final versions of budget instructions to DOF budget staff prior to release to departments.*

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- Continue to issue budget preparation instructions early; one respondent wanted instructions in January/February. Include Information Technology in those instructions.
- To the extent possible, prepare forms/schedules in excel rather than word. Provide instructions for completing forms. Have forms on the DOF website. **DOF Response:** *Regular/ongoing DOF forms are on the DOF website under BAG in the Fiscal Information for State Agencies (FISA) and also in Budget Letters.*
- Write for policy and use attachments for technical instructions.
- Internet documents are not accessible for those departments that use wordperfect or MacIntosh. **DOF Response:** *Wordperfect users can download a Word reader. A number of budget letters have special formats and do not readily convert to Wordperfect.*
- Concerns were noted about ease of understanding depending upon the knowledge of staff in the departments. One comment indicated that instructions are geared toward those with some budget knowledge, so are difficult for new analysts.
- Provide links in the instructions to the appropriate SAM/code references.

**BR/EOs.** As noted above, the range in the length of time it takes DOF to process BR/EOs was from 5 days to 330 days, with the average being 46 days. Some notable comments include:

- PERS EO too late.
- PERS EO ridiculously late. Had to call about it.

**DOF Response:** *The Department has attempted to distribute Retirement Rate Adjustment (Control Section 3.60) Budget Letters in August/September and to issue the related Executive Orders in January/February. We understand that several departments are concerned with the length of time between the submission of information to Finance and the issuance of the Section 3.60 Executive Orders. In an attempt to expedite the issuance of the Section 3.60 Executive Orders, to the extent possible, we plan to distribute Section 3.60 Budget Letters in July/August and to issue the Section 3.60 Executive Orders in October/November.*

- DOF should expedite OST and BRs on a priority basis.
- Extensive delays in processing BRs/EOs.
- Approvals of BRs and transmittal to the SCO slow and documents missplaced. Had to submit BRs several times because of this.

**DOF Response:** *We try to process our documents on a timely basis, however, at peak workload times, e.g., the Fall Budget preparation process, the processing of BRs are placed on a lower priority. If a particular BR is of a critical/urgent nature, we do expedite the processing of such BRs, regardless of the time of year or pressing workload demands.*

**FSR/SPR.** The reported length of time to process these documents ranged from 3 days to 120 days, with an average of 42 days. Most notable comments include:

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- TIRU's role duplicative of DOIT—process adds delays and no value. **DOF Response:** *While both DOF and DOIT review the same document (FSR/SPR), the reviews are conducted with a different focus. DOF analyzes the business case and DOIT analyzes the proposed technical solution. While DOF may well raise questions regarding the technology, it is in order to understand both the one-time and continuing fiscal components of the proposal and not to make a technology recommendation*

*DOF and DOIT work concurrently on the review process in order to minimize delays in the review and approval process. While there are some delays associated with the dual review, see below, the dual review is not the primary reason for delays.*

*The DOF provides value to the State in its role of assessing and funding projects in light of budget policy priorities, investment value, and merits to the operation of state programs.*

- Two agencies—DOIT and TIRU—is confusing. **DOF Response:** *DOIT issued a Project Initiation and Approval Process Report in December 1997 which outlines the different roles and responsibilities of DOIT and DOF. This report was distributed to all agencies/departments. For any departments still confused over the roles and responsibilities, this report is currently available on the DOIT Internet site: [www.doit.ca.gov](http://www.doit.ca.gov).*

*We note that with the change in Administration, the existing processes are being reviewed for possible improvements. We plan to communicate any changes clearly to minimize any confusion for the departments.*

### Other significant comments.

- Need for an automated budget development process. Doesn't make sense to have spreadsheet and still have a control proof. **DOF Response:** *There is a long range plan to automate the Budget process.*
- Too many new analysts—want stability on assignments. **DOF Response:** *This is unfortunate and often times unavoidable. Like many departments and the Legislature, the DOF experiences substantial turnover among its staff. We often lose our staff to other departments or the Legislature.*
- While there were comments about analysts being rude, there were as many comments about DOF analysts being helpful.

**Conclusion.** Generally, the responses to the survey indicate that DOF is doing a reasonably satisfactory job in issuing budget instructions, and making information available timely and accessible through the Internet. There are a few specific areas where we need to try and improve our performance in processing BRs/EOs, FSR/SPRs, Section letters, and 607s.

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Further, to the extent possible, we need to provide more lead time for departments in responding to budget drills. We note that many times, the response times are out of our direct control; we also find ourselves operating under even shorter time constraints.

### Some Additional Short Term Plans/Strategy proposals:

1. Put BR form on the Internet and timely processing of BRs. *DOF will add the BR form (STD. 26) on the Internet by this summer. We will be discussing this issue at greater length and attempt to develop strategies to help streamline or improve the processing of BRs in the Department.*
2. Put Budget Schedules in Excel. *DOF will put the various Budget Schedules (9, 11, reimbursement and federal funds) in Excel as well as Word.*
3. Issue technical Budget Preparation letter earlier. *As noted earlier, we continually strive to get these instructions out earlier. Over the past 10 years, we have issued this Budget Letter two times in August, four times in July, once in June, twice in May, and the last two years in April. In fact this year's letter was issued almost two weeks early than the previous year.*
4. IT BCPs should come in the Spring. *Notification on technology BCPs is contained in the annual DOF Budget Preparation Guidelines related to state operations and local assistance. In 1998, this was released on April 14 and in 1999, this was released on April 1. In addition, DOF issued a separate IT specific guideline, BCP 98-11 in June 1998. We note that with the recent change in Administration and impact of Year 2000 remediation, the IT review and approval process is currently evolving. Once the process is more stable, we anticipate releasing the IT specific guidelines earlier in the spring. We also anticipate that those new guidelines will then essentially remain the same each budget cycle.*

### Some reminders/clarifications to departments about comments/issues raised in the survey (not previously discussed):

1. **Comment:** Ensure all departments are e-mailed for notification of newly released Budget Letters. I have been checking the Internet for new Budget Letters. Copies received by mail are sometimes late. **Response:** *DOF sends e-mail notes to departmental Budget Officers upon release of Budget Letters (BL) and other information of importance, e.g., status of the Deficiency Bill and DOF training. The e-mail has the BL as an attachment, as well as a link to the document on the Internet, so there should not be a problem of a department having to wait for the hard copy. Departments may need to ensure that their department is on the BO e-mail list, that it is current, etc. Contact your DOF budget analyst.*

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2. **Comment:** Put the Budget Change Proposal (BCP) cover sheet in Excel. **Response:** *The new BCP form issued with BL 99-04 contains two versions of the BCP document. The newer one has an Excel form along with new BCP instructions.*
3. **Comment:** Unaware of the change that OST and Equipment are no longer controlled line-items. **Response:** *The SAM change notice in February 1998 mentioned that OST and equipment were no longer controlled line-items. Please refer to SAM section 6231.*
4. **Comment:** It would be nice to be able to access SAM on Internet. **Response:** *SAM is available from the DGS Home Page; it also can be accessed from DOF's BAG.*
5. **Comment:** DOF needs to provide more lead time for departments to comply with drills. **Response:** *Most/many drills deadlines are out of DOF's control. They are often imposed by those outside of DOF, e.g., the Legislature, the Governor's Office, the federal government, etc. For those drills for which DOF has control, sometimes we need decisions or direction from higher authorities. It would be helpful to find out how departments define drills, i.e., are they the statewide drills requested in Budget Letters or are they also specific Budget Unit requests for information.*
6. **Comment:** Question about 607s and SCO deadlines. **Response:** *The new SAM revisions (see SAM Section 6527) state that DOF does not need to sign off on 607s establishing positions consistent with the Budget as long as the detail classifications match the Changes in Authorized Positions in the Governor's Budget or in the Final Change Book. If positions are added and no detail classification breakdown is provided, the DOF analyst must review and approve the 607. Generally, if the 607s are for positions proposed by the Administration, it can be processed before the June SCO cutoff to be included in the Schedule 8 tabulation run. Departments should coordinate the early processing with their DOF counterparts.*
7. **Comment:** Departments are not informed about Budget assignment changes. **Response:** *The DOF budget assignment list (Chart of Responsibilities) is available on the FISA website and is updated monthly.*